

Arkansas Medicaid Reform

Summary

Arkansas has used three different waivers to implement reforms in their Medicaid programs. **Independent Choices**, cash and counseling demonstration, was implemented in 1996 targeting elderly and disabled populations. Participants received individual budgets with which to purchase personal assistance services. The **Safety Net Benefit** program, an 1115 waiver will provide health insurance coverage to an additional 55,000 low income citizens, and extend coverage to uninsured workers and their spouses. **Tax Equity and Fiscal Responsibility Act (TEFRA)** allows states to extend Medicaid coverage to certain disabled children. Known as a Katie Beckett waiver, it allows disabled children to obtain care in their homes rather than institutions.

Waiver

- Program name – **Independent Choices**
- Type – Cash and Counseling Demonstration

Financing

- Personal care benefits covered under Arkansas' state plan were "cashed out"
- A monthly cash allowance was substituted
- Cash allowances were based on the expected cost to the state for services in the care plan

Nature of Reform

- To determine if the Cash and Counseling model was politically and economically feasible
- To increase access to care, particularly in the state's rural areas

Expansion Size

- Cover all 1,600 eligible beneficiaries
- Number of beneficiaries to date – 3, 597

Coverage

- A flexible monthly cash allowance to self-direct hiring of personal care assistants
- Flexibility to purchase items related to personal assistance (e.g., home modifications, assistive technology, appliances, etc.)
- Assistance from counseling/fiscal agencies to help people manage their cash allowance

Waiver

- Program Name – **Arkansas Safety Net Benefit Program**
- Type – Employer Sponsored Insurance (ESI) Initiative

Financing

- State dollars (employer taxes)
- SCHIP enhanced FMAP
- Recipient cost sharing in the form of deductibles, coinsurance, and/or co-payments with an out of pocket maximum

Nature of Reform

- Continue expansion efforts by the State of Arkansas through the addition of coverage for uninsured employed individuals and their spouses

Expansion Size

- 55,000 additional people with incomes at or below 200% FPL

Coverage

- A "safety net" health insurance benefit package will be provided

- Per actuarial analyses, the benefit package should cover most of the basic health care needs of the target population
- Examples of coverage are: 7 inpatient days per year, 6 physician service visits per year
- Employers are required to achieve 100% health insurance coverage regardless of family income.

Legislation

- Approval of employer tax collection and appropriation of it to the Arkansas Department of Human Services (DHS) for program funding.

Waiver

- **Arkansas TEFRA-like Demonstration**
- TEFRA 134(a) is a provision of the Tax Equity and Fiscal Responsibility Act of 1982

Financing

- Sliding scale premium based on the income of the custodial parent(s).
- Begins with those earning at least \$25,000
- Annual premium to be paid by any family ranges from \$504 to \$5,500
- Federal funds to provide match for demonstration-related expenditures subject to budget neutrality ceiling

Nature of Reform

- Impose cost sharing requirements on children age 18 or younger who are otherwise eligible for Medicaid under Section 134 of the TEFRA

Expansion Size

- Removed the optional TEFRA group from the State Medicaid Plan, and placed them into this 1115

Coverage

- All Medicaid State plan services